

110TH CONGRESS
1ST SESSION

H. R. 3009

To enhance transparency of trading in over-the-counter derivatives in natural gas.

IN THE HOUSE OF REPRESENTATIVES

JULY 12, 2007

Mr. BARROW (for himself and Mr. GRAVES) introduced the following bill;
which was referred to the Committee on Agriculture

A BILL

To enhance transparency of trading in over-the-counter derivatives in natural gas.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Market Transparency
5 Reporting of United States Transactions Act of 2007”.

6 **SEC. 2. OVER-THE-COUNTER TRANSACTIONS IN NATURAL**
7 **GAS.**

8 (a) DEFINITIONS.—Section 1a of the Commodity Ex-
9 change Act (7 U.S.C. 1a) is amended by adding at the
10 end the following:

1 “(34) INCLUDED NATURAL GAS TRANS-
 2 ACTION.—The term ‘included natural gas trans-
 3 action’ means a contract, agreement, or transaction
 4 in natural gas that is entered into—

5 “(A) in reliance on the provisions of sub-
 6 section (g) or (h) of section 2; or

7 “(B) by use of a domestic technology or
 8 software providing direct access to a foreign
 9 board of trade.”.

10 (b) REPORTING OF EXCLUDED TRANSACTIONS IN
 11 NATURAL GAS.—Section 2(g) of such Act (7 U.S.C. 2(g))
 12 is amended—

13 (1) by striking “or” after “5d,”;

14 (2) by inserting “, or paragraphs (4) and (5) of
 15 this subsection (with respect to any contract, agree-
 16 ment, or transaction in natural gas))” after
 17 “12(e)(2)”; and

18 (3) by adding at the end the following:

19 “(4) It shall be a violation of this subsection for
 20 any person to enter into any contract, agreement, or
 21 transaction in natural gas relying on the exemption
 22 provided in this subsection if the person, directly or
 23 indirectly, has, obtains, owns, controls, or maintains
 24 a position in a contract, agreement, or transaction
 25 in natural gas equal to or in excess of such amount

1 as the Commission from time to time shall fix, un-
2 less the person files or causes to be filed with the
3 properly designated officer of the Commission such
4 reports as the Commission may require by rule, reg-
5 ulation, or order with respect to any position in any
6 contract, agreement, or transaction in natural gas
7 described in this section.

8 “(5) Any person entering into any contract,
9 agreement, or transaction relying on the exemption
10 provided in this subsection shall maintain books and
11 records relating to each such transaction, showing
12 complete details of the transactions, positions, inven-
13 tories, and commitments, including the names and
14 addresses of all persons having any interest therein,
15 for a period of 5 years, in such form as the Commis-
16 sion shall require by rule, regulation, or order. The
17 books and records shall be open for inspection by
18 any representative of the Commission or of the De-
19 partment of Justice.”.

20 (c) REPORTING OF EXEMPT TRANSACTIONS IN NAT-
21 URAL GAS.—Section 2(h) of such Act (7 U.S.C. 2(h)) is
22 amended—

23 (1) in paragraph (2)—

1 (A) by inserting “and the persons that
2 enter into such a contract, agreement, or trans-
3 action” after “subsection”;

4 (B) by striking “and” at the end of sub-
5 paragraph (B);

6 (C) by striking the period at the end of
7 subparagraph (C) and inserting “; and”; and

8 (D) by adding at the end the following:

9 “(D) paragraphs (7) and (8) of this sec-
10 tion.”;

11 (2) in paragraph (4)—

12 (A) by inserting “and the persons that
13 enter into such a contract, agreement, or trans-
14 action” after “subsection”;

15 (B) by striking “and” at the end of sub-
16 paragraph (C);

17 (C) by redesignating subparagraph (D) as
18 subparagraph (E) and inserting after subpara-
19 graph (C) the following:

20 “(D) paragraphs (7) and (8) of this sec-
21 tion; and”; and

22 (3) by adding at the end the following:

23 “(7) It shall be a violation of this subsection for
24 any person to enter into any contract, agreement, or
25 transaction in natural gas relying on the exemption

1 provided in this subsection if the person, directly or
2 indirectly, has, obtains, owns, controls, or maintains
3 a position in a contract, agreement, or transaction
4 in natural gas equal to or in excess of such amount
5 as the Commission from time to time shall fix, un-
6 less the person files or causes to be filed, or with re-
7 spect to a contract, agreement, or transaction en-
8 tered into on an electronic trading facility, the elec-
9 tronic trading facility files or causes to be filed on
10 such person's behalf, with the properly designated
11 officer of the Commission, such reports as the Com-
12 mission may require by rule, regulation, or order
13 with respect to any position in such contracts, agree-
14 ments, or transactions in natural gas described in
15 this section.

16 “(8) Any person entering into any contract,
17 agreement, or transaction in natural gas relying on
18 the exemption provided in this subsection shall
19 maintain books and records relating to each such
20 transaction and showing complete details of such
21 transactions, positions, inventories, and commit-
22 ments, including the names and addresses of all per-
23 sons having any interest therein, for a period of 5
24 years, in such form as the Commission shall require
25 by rule, regulation, or order. The records shall be

1 open for inspection by any representative of the
2 Commission or of the Department of Justice.”.

3 **SEC. 3. AUTHORITY TO REQUIRE FILING OF REPORTS.**

4 The Commodity Exchange Act (7 U.S.C. 1–25) is
5 amended by inserting after section 4p the following:

6 **“SEC. 4q. FILING OF REPORTS OF TRANSACTIONS IN NAT-
7 URAL GAS.**

8 “(a) IN GENERAL.—The Commission shall establish
9 a reporting system with respect to large positions in in-
10 cluded natural gas transactions, as defined in section
11 1a(34), that a person may, directly or indirectly, have, ob-
12 tain, own, control, or maintain.

13 “(b) REQUIRED INFORMATION.—Such required re-
14 ports with respect to included natural gas transactions,
15 as defined in section 1(a)(34), shall be in sufficient detail
16 and with sufficient frequency to enable the Commission
17 to assess the overall trading activities, potential market
18 power, and concentration of positions directly or indirectly
19 held, obtained, owned, controlled, or maintained by the
20 largest traders and to assess these factors in relation to
21 the amount of potential deliverable supplies in natural gas
22 directly or indirectly held, obtained, owned, controlled or
23 maintained by the traders and shall enable the Commis-
24 sion to aggregate the positions with respect to the person’s
25 separately owned or controlled accounts.

1 “(c) CONFIDENTIALITY OF INFORMATION.—The re-
 2 ports with respect to included natural gas transactions de-
 3 scribed in subsection (b) shall be subject to section 8.

4 “(d) MARKET TRANSPARENCY.—The Commission
 5 shall publish on a regular basis a report or reports with
 6 respect to the information reported to it with respect to
 7 included natural gas transactions. The report or reports
 8 shall include on a summary basis information with respect
 9 to aggregate reportable positions held by commercial per-
 10 sons and noncommercial persons and may not reveal the
 11 specific identity or size of positions of individual persons.

12 “(e) REQUIRED RULES.—The Commission shall issue
 13 rules, regulations, or an order to implement this section
 14 within 270 days after the date of the enactment of this
 15 section.”.

16 **SEC. 4. CRIMINAL AND CIVIL PENALTIES.**

17 (a) CIVIL MONEY PENALTIES.—Section 6(c) of the
 18 Commodity Exchange Act (7 U.S.C. 9, 15) is amended
 19 in clause (3) of the 10th sentence, by striking “\$100,000”
 20 and inserting “\$500,000”.

21 (b) INCREASE IN PENALTIES.—Section 6c(d)(1) of
 22 such Act (7 U.S.C. 13a–1(d)(1)) is amended by striking
 23 “\$100,000” and inserting “\$500,000”.

24 (c) CRIMINAL PENALTIES.—Section 9(a) of such Act
 25 (7 U.S.C. 13) is amended in the matter preceding para-

1 graph (1) by inserting after “(or” the following: “for any
2 violation other than manipulation or attempted manipula-
3 tion of the price of any commodity in interstate commerce,
4 or for future delivery on or subject to the rules of any
5 registered entity, or the cornering or attempt to corner
6 any such commodity or knowingly to deliver or cause to
7 be delivered for transmission through the mails or inter-
8 state commerce by telegraph, telephone, wireless, or other
9 means of communication false, misleading, or knowingly
10 inaccurate reports concerning crop or market information
11 or conditions that affect or tend to affect the price of any
12 commodity in interstate commerce”.

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